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6 GUANG TAI HE IMPORT EXPORT,
INC.

7
8 **UNITED STATES DISTRICT COURT**
9 **CENTRAL DISTRICT OF CALIFORNIA**

10
11 GUANG TAI HE IMPORT EXPORT,
INC.,

12 Plaintiff,

13 vs.

14 DANIEL P. MITCHELL, DOES 1-5,
15 inclusive,

16 Defendants.

Case No. 2:24-cv-930

VERIFIED COMPLAINT

**[TRO REQUESTED WITH
NOTICE GIVEN BY EMAIL]**

JURY TRIAL DEMANDED

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VERIFIED COMPLAINT

168251459

IMMEDIATE TRO RELIEF AND WHY IT IS JUSTIFIED:

This lawsuit is brought by Plaintiff Guang Tai He Import Export, Inc., owner of the federally-registered FLOORSPLUS brand, whose business is threatened with shutting down and customer relationships at severe risk of irreparable harm if a shipment of 16 containers are not released from detainment immediately.

The containers were detained because the packaging of its vinyl flooring products include the accurate industry-wide generic descriptor “SPC” to denote the type of vinyl flooring it uses. Lowe’s, Home Depot, and hundreds of others use this same generic term to refer to this genus of products.

This industry-standard “SPC” generic terminology for Stone Plastic Composite material was invented over a decade ago as the latest in a long line of vinyl flooring products (product where acronyms are the norm). The term is generic and no one industry participant – certainly not the small time Defendant Daniel Mitchell – owns the exclusive right to use this generic and purely descriptive term. Generic terms are barred from and do not qualify for trademark protection. Indeed, Plaintiff as a Maryland company has been importing, distributing and selling SPC flooring to the Mid-Atlantic Region since 2021, and has marked its packaging as such on all its SPC vinyl products since then, never once experiencing any confusion from this universal nomenclature.

Nevertheless, the Defendant (based in City of Industry, California) withheld the generic and widely-used nature of the acronym “SPC” from the USPTO and obtained a trademark registration as a result. Defendant concocted an aggressive scheme to hold imports hostage to extort \$25,000 from each industry participant plus a licensing fee, plus onerous audit rights and a bar on challenging his generic mark. He did so by recording his SPC registration with U.S. Customs (Ex. Q) which is powerless to ignore federal registrations absent court order, letting him cram onerous licenses upon duress-faced industry participants left and right as of late. ***On January 17, 2024, Plaintiff’s 16 containers were caught in this snare, non-***

1 *litigation attempts have proved futile, and February shipments risk the same fate.*
 2 *Just as this filing was being printed the morning of February 2, Plaintiff received*
 3 *notice that more SPC flooring containers were just detained. Ex. L.*

4 The 16 detained containers in the detained shipment contain 7 SKUs of SPC
 5 flooring for which Plaintiff's Maryland warehouse has no stock, 2 containers are
 6 OEM of Plaintiff's biggest customer, many customer orders are past-due on delivery
 7 as a result of this hold-up, and Plaintiff's 99% in-stock track record is being severely
 8 damaged. And the delay is causing ruinous financial hardship in the form of storage
 9 fees and delayed turnaround that Plaintiff counts on to satisfy the net payment terms
 10 from its foreign manufacturer. This is just the start, as Plaintiff imports multiple
 11 SPC flooring shipments each month marked with "SPC", including a number of
 12 such shipments scheduled for February, risking detention of future shipments that
 13 will further expand and deepen the irreparable harm – more containers were
 14 detained by U.S. Customs on February 2 as these papers were being finalized to file.
 15 If relief is not granted, because the validity of the federal registration cannot be
 16 challenged through U.S. Customs or the Court of International Trade, the likely
 17 result is seizure of the goods. Simply put, Plaintiff is less than a week away from
 18 losing its most valuable customers, is at risk of seizure of the detained goods based
 19 on an invalid trademark registration, and will be unlikely to keep its doors open
 20 absent a TRO and preliminary injunction.

21 Meanwhile, Plaintiff is just one more of hundreds of flooring companies
 22 marketing "SPC" in the United States, and presents no cognizable harm to
 23 Defendant if its importing is allowed to continue. The "SPC" mark is generic and
 24 Plaintiff's use is both of a generic mark and a 100% fair use protected by trademark
 25 law. A California individual is not harmed by one more company continuing the
 26 industry-wide practice of using "SPC" to refer to its stone plastic composite
 27 flooring, the same as Home Depot, Lowe's and many third parties who will keep
 28 doing so regardless of whether Plaintiff does so.

1 Thus, as Plaintiff is likely to succeed, a TRO to remove the detainment and
2 allow Plaintiff's import (and all necessary acts thereto) is essential and warranted.

3 To this end, the Ninth Circuit has affirmed a federal injunction resulting in
4 release of detained goods where the contested mark "fire safe" had sufficient
5 evidence of genericness for safe companies, including use by 13 other safe
6 companies and the plaintiff had used "fire safe" for years. *Stuhlbarg Intern. Sales*
7 *Co. v. John D. Brush and Co.*, 240 F.3d 832 (9th Cir. 2001). That decision expressly
8 held U.S. Customs and the Court of International Trade lacked jurisdiction to hear
9 trademark challenges concerning detained shipments and administrative remedies
10 would be futile.

11 Here, there are far more third party uses – hundreds as the evidence submitted
12 with this verified Complaint shows, because the term "SPC" is the generic
13 abbreviation for the equally generic term "Stone Plastic Composite" (aka "Stone
14 Polymer Composite") – an entire genus of vinyl flooring products. And Plaintiff's
15 use of "SPC" is nothing new and has been going on for over 3 years.

16 Thus, in relevant part to interim TRO and injunctive relief, Plaintiff brings
17 this action and seeks: (1) declaratory relief finding Defendant Mitchell's trademark
18 invalid and generic, (2) declaratory relief finding Defendant's '381 Registration
19 invalid for fraud on the USPTO, and (3) declaratory relief finding Plaintiff's use of
20 "SPC" to be non-infringing because the asserted mark is generic, Plaintiff's use is
21 protected fair use, and the required likelihood of confusion for infringement is
22 wholly lacking.

23 On these bases, **Plaintiff is entitled to TRO and injunctive relief, to avoid the**
24 **resulting irreparable harm from continuing, including:** (1) barring Defendant from
25 attempting to enforce the generic "SPC" mark against Plaintiff, including U.S.
26 Registration No. 5,305,381 (2) directing U.S. Customs to immediately release
27 Plaintiff's detained 16 containers and the additional containers detained just this
28 morning literally as these papers were being finalized (Ex. L), not to seize said

goods, and not to detain any further of Plaintiff's shipments for use of the terms "SPC" or "SPC FLOORING", (3) directing U.S. Customs to immediately remove the '381 Registration from its recordation of registered marks (including said recordation depicted in Ex. Q), (4) requiring Defendant to cooperate with Plaintiff's import including by providing a letter of authorization permitting Plaintiff to import its current shipment and any future shipments (including during the pendency of this suit) notwithstanding their use of the term "SPC" on the packaging, and (5) such further relief as necessary to stop Defendant from directly or indirectly interfering in Plaintiff's import and sale of SPC flooring.

Plaintiff GUANG TAI HE IMPORT EXPORT, INC. brings suit for, and for its Complaint against Defendant Daniel P. Mitchell ("Defendant") alleges and states as follows:

THE PARTIES:

1. Plaintiff GUANG TAI HE IMPORT EXPORT, INC. ("Plaintiff" or "GUANG TAI HE") is a Maryland corporation with its principal place of business located at 1371 Western Avenue, Baltimore, MD 21230.

2. Defendant Daniel P. Mitchell is an individual who resides on information and belief at 20819 Currier Road, Suite 300, City of Industry, CA 91789 and is subject to the general jurisdiction of this Court, a Court which he has instituted suit in previously for his business disputes.

3. DOES 1-5 are the other actors in Defendant's trolling and attempt to monopolize the common generic term SPC, including through blocking imports of flooring products using this generic term, and all Defendants are acting in concert, and are jointly and severally liable for the actions alleged herein.

4. Defendants' actions alleged herein were those of themselves, as well as his agents and/or licensees, and Defendants are jointly and severally liable for the

1 conduct of one another as though taken themselves (referred to collectively herein as
2 “Defendant” or “Mitchell”).

3 **JURISDICTION AND VENUE**

4 5. This court has subject matter jurisdiction over all claims under inter alia
5 28 U.S.C. §§ 1331 (federal question), 1338(a) (trademark), and 15 U.S.C. 1119
6 (cancellation of trademark registrations).

7 6. This Court has personal jurisdiction over Defendant Mitchell because,
8 on information and belief, he resides in and has his principal place of business in
9 City of Industry, California, and is a citizen of California. In his recent filing in this
10 Court, Defendant Mitchell admitted: “Daniel Paul Mitchell (hereinafter “Mitchell”)
11 is an individual residing [in] the City of Rancho Cucamonga, County of San
12 Bernadino, State of California.”

13 **FACTUAL ALLEGATIONS**

14 **“SPC” or “Stone Plastic Composite” Flooring**

15 7. Two of the main types of flooring installations are floating floors (loose
16 lay and free lay), often achieved using “Click Together” systems, and Direct Glue
17 Down. The products are often manufactured by various manufacturers in China and
18 throughout the world. They are then sold to end users by different distributors and
19 retailers. *See* Exhibit A¹.

20 8. For plastics and vinyl flooring, generic acronyms for the flooring
21 material have always reined supreme. Think “PVC” – hardly an average American
22 can say what the acronym actually stands for, but the acronym carries the day. “In
23 flooring, we have our own set of acronyms (like most industries)” – included in the
24 lineup is: LVP (Luxury Vinyl Plank), LVT (Luxury Vinyl Tile), WPC (Wood

25
26
27 ¹ All Exhibits hereto are true and correct copies and are the documents they purport
28 to be. Where voluminous, certain relevant portions thereof have been submitted at
time, rather than the entire document.

1 Plastic Core), **SPC (Stone Plastic Core or Composite)**, PET (Polyethylene
2 Terephthalate), PTT (Polytrimethylene Terephthalate).²

3 9. One generic flooring acronym in that list is “SPC.” The term “SPC” is
4 the genus of surface covering goods made with a sturdy vinyl top layer but a core
5 made of a composite (“c”) of crushed stone (“s”) and plastic (“p”) core. When
6 spelling it out, the “SPC” acronym is denoted “stone plastic composite,” although
7 the convenient spelling results in some spelling it out with “polymer” instead of
8 “plastic” and some using “core” instead of “composite.”³ Simply put, *the most*
9 *universal name for this genus is the acronym “SPC.”*

10 10. As one neutral industry expert has sworn under oath based on 40+
11 years of experience, even as of 2020, the flooring and surface covering industries
12 and the relevant consuming public understood that the term “SPC” refers to those
13 surface covering products with a stone plastic composite core. *See* Exhibit A (Expert
14 Declaration of Kenneth Newson). “Neither SPC nor WPC are brand or
15 manufacturer-specific” and SPC is “a generic flooring term ... used generically in
16 the flooring industry for several years.” *Id.*

17 11. This is no obscure genus of vinyl flooring: “SPC flooring, also known
18 as Stone Plastic Composite flooring, is the most in popular type of vinyl plank in
19 2024.”⁴

22 ² <https://www.carpetgarage.com/lvp-lvt-wpc-spc-abc-what-do-all-these-acronyms-stand-for/> (true and correct quote and acronyms from citation are included above).

23 ³ E.g. <https://www.flooringinc.com/buyers-guide/spc-vs-wpc.html#:~:text=As%20it%20turns%20out%2C%20it,form%20even%20over%20uneven%20subfloors> (“So what does SPC stand for? As it turns out, it stands for a couple of terms that are used interchangeably: stone plastic composite or stone polymer composite”); <https://www.1lflooring.com/b/education/flooring-basics/flooring-terms-and-lingo-guide-vinyl-flooring-acronyms> (Stone Polymer Composite); <https://www.carpetgarage.com/lvp-lvt-wpc-spc-abc-what-do-all-these-acronyms-stand-for/> (Stone Plastic Core); <https://www.allacronyms.com/flooring/abbreviations/2> (Stone Plastic Core.

28 ⁴ <https://www.proximitymillsflooring.com/a/blog/spc-flooring>

1 12. Third parties have extensively used and continue to extensively use the
 2 term SPC as a generic descriptor in the marketplace to describe that their flooring
 3 products include stone plastic composite material and fall into that category of
 4 products. *See, e.g.* Exs. D and P (true and correct copies of third-party marketplace
 5 use of “SPC” for stone plastic composite flooring); see also Ex. H (flooring
 6 industry news articles using “SPC” as generic class of goods).

7 13. Defendant Mitchell claimed to the USPTO that Defendants’ first-use
 8 date of “SPC” as a trademark was January 2016. Ex. J.

9 14. However, given that it is generic flooring term that stands for the
 10 equally generic “stone plastic composite,” unsurprisingly near countless third
 11 parties used the long-ago coined term “SPC” in its generic sense well before
 12 Mitchell either filed for federal registration of or claimed first use of “SPC” as a
 13 trademark. Ex. E (articles demonstrating SPC use as a generic term for a genus of
 14 goods prior to 2016). For example, in a July 2015 article the year *before* Mitchell
 15 claims he used “SPC” for the very first time, an article titled “What’s The
 16 Difference Between WPC Vinyl Floors and SPC Vinyl Floors” began “WPC and
 17 SPC are two of the fastest-growing flooring products on the market” and “SPC
 18 stands for Stone Plastic Composite or Stone Polymer Composite; instead of wood
 19 this core contains limestone powder.” Ex. E at p. 46.

20 15. Further evidencing its genericness and widespread fair use, the
 21 common term “SPC” is also used in many descriptions in various U.S. trademark
 22 registrations for flooring products comprised of Stone Plastic Composite. Ex. F.

23 16. As further evidence of its genericness and widespread fair use, the
 24 USPTO’s course and practice is to require flooring companies to disclaim “SPC” in
 25 connection with marks for flooring (disclaimer are only required for terms incapable
 26 of themselves having non-descriptive trademark significance for the registered
 27 goods). *See, e.g.* Ex. G (examples of the USPTO requiring disclaimer of SPC in
 28 connection with flooring marks).

17. Indeed, Mitchell’s own specimens filed for his ’381 Registration’s initial application and Section 8 renewal declaration demonstrates generic use of SPC, and even admits outright that as used by him it “stands for Stone Plastic Composite.” Ex. B at p. 9 (specimen showing the following on product packaging: “SPC – Stone Plastic Composite”); Ex. C at p. 9 (admitting “SPC® stands for Stone Plastic Composite”).

18. The term “SPC” is so generic and widespread for flooring that Home Depot and Lowe’s have *entire sections* of their flooring sections of their websites devoted to the genus of “SPC” flooring, listing all sorts of manufacturers and products, and extensively including “SPC” in the product title to denote that the flooring is made of SPC construction (as opposed to WPC or some other material). *See* Ex. I at 4. As the Exhibit shows, Home Depot’s website provides 790 relevant products while Lowe’s carries a more limited selection of 23 products. *Id.* Notably, Plaintiff searched extensively on HomeDepot.com and Lowes.com and none are Defendant’s.⁵

Convicted Perjurer Mitchell Registers the Generic Term and Concocts an Import Scheme to Extort and Troll Innocent Flooring Companies for Using the Generic Term

19. Mitchell claims to own a small-time flooring company Kolay, a Los Angeles local company with 1,000 Facebook followers and an estimated sales revenue of no more than about \$200,000 per year.⁶ Like every other flooring company in the country, it became enamored with SPC, and a Google search today shows even looking through the first hundred results of SPC FLOORING NEAR

⁵ The search was of “Kolay” – the brand Defendant claims to own – across all of HomeDepot.com and Lowes.com, and there were no search results showing a single Kolay product.

⁶ [https://www.facebook.com/KolayFlooring/about](https://www.facebook.com/KolayFlooring/about;);
<https://www.manta.com/c/mhxq048/kolay-flooring-international>.

1 LOS ANGELES, CA or SPC FLOORING, *Kolay is not mentioned once*, its page
 2 KolayFlooring.com is not included, and none of its products appear to be listed.

3 20. As mentioned, Mitchell claims he began using “SPC” in 2016, of
 4 course well after the generic term was coined and popularized in the flooring
 5 industry as the entire genus stone-plastic flooring products. Sneaking one by the
 6 USPTO, Mitchell the next year, in 2017, applied for and was granted a U.S.
 7 Trademark Registration for “SPC” for International Class 27 for “resilient hard
 8 surface coverings for floors, walls and other surfaces,” U.S. Reg. No. 5,305,381
 9 (‘381 Registration hereafter). Ex. J (Mitchell SPC Registration).

10 21. Mitchell knew obtaining this registration was improper and
 11 impermissible, as registering a generic term for a genus of goods is a serious offense
 12 against the system of federal registration and trademarks law in general: “A generic
 13 mark is one that refers to the genus of which the particular product is a species and
 14 is merely descriptive of a product rather than inherently distinctive. Consequently,
 15 such a mark is not entitled to trademark protection. A trademark applicant has a
 16 duty to disclose the fact that [the applied-for mark] is generic at the time of
 17 application. Failure to do so may constitute fraud on the PTO.” *Northwestern*
 18 *Corp. v. Gabriel Mfg. Co.*, 1996 U.S. Dist. LEXIS 6137, *18-19, 1996 WL 251433
 19 (N.D. Ill. May 7, 1996).

20 22. Failing to disclose this critical fact to the USPTO in order to game the
 21 federal trademark registration system was par for the course for Mitchell. He is
 22 amongst the few persons to claim the honor of a perjury criminal conviction for
 23 which he served jail time, a conviction for gaming the federal bankruptcy system
 24 which he admitted to in a prior partnership dispute before this Court. *See* Case No.
 25 8:18-cv-00108 at Dkt. 85 p. 6 (11/13/2020) (Mitchell filing admitting “he perjured
 26 himself” by filing for bankruptcy while hiding his “ownership interest in a company
 27 held in the name of his then wife”).
 28

23. Emboldened by Mitchell’s successful registration, and watching “SPC flooring, also known as Stone Plastic Composite flooring [become] the most popular type of vinyl plank,”⁷ Defendant has embarked on an extortion scheme that has trapped Plaintiff as its latest victim.

24. Defendant Mitchell recorded the fraudulent “SPC” trademark registration with U.S. Customs as part of its trademark protection program. Ex. Q.⁸ As a result, unfortunate flooring companies who make fair use of the generic term for its generic meaning are increasingly having millions of dollars in shipments held up by U.S. Customs and denied entry to the U.S. because its packaging is predictably marked with the generic “SPC.” The shipments are generally only released once the flooring companies pay Defendant Mitchell significant sums of money to issue a letter of authorization, which Defendant Mitchell will only do for paying a hefty price.

25. The letter of authorization is only given if the victims pay the troll at least \$25,000 to get their existing shipment through, promise to never dispute Defendants’ fraudulent federal registration, agree to pay royalties on all future shipments, and agree to a purported audit right.

26. By extracting payments that are less than the perceived minimum cost of litigation from each individual flooring company, Defendants’ scheme has succeeded up until recently in remaining under the radar. However, on December 15, 2023, a Belgian manufacturer with patented SPC technology filed to cancel Mitchell’s ’381 Registration of “SPC”, having fallen victim to many of its own patent licensees and U.S. customers being held hostage by Defendant’s trolling activity. *See* Ex. K (Petition in Cancellation No. 92/083,938). However, those cancellation proceedings are in their early stages and provide for no interim relief to

⁷ <https://www.proximitymillsflooring.com/a/blog/spc-flooring>

⁸ <https://www.uspto.gov/trademarks/protect/customs-and-border-protection>.

1 any industry participants because the TTAB lacks the requisite power to grant
2 interim relief or injunctive relief.

3 **Plaintiff's January 2024 Shipment and February 2 Shipment Is Now**
4 **Caught in the Scheme**

5 27. Plaintiff Guang Tai He Import Export Inc. (hereafter "GTH Import" or
6 "FLOORSPLUS") is an importer and factory direct distributor of SPC vinyl
7 flooring, and sells its flooring products under the trade name and registered
8 trademark "FLOORSPLUS" (also shown as FLOORS+) The company incorporated
9 in Maryland in January 2020, its shareholders include Bin Liu (the individual who
10 has verified this Verified Complaint), and is a seller of its own economical and
11 sturdy line of SPC vinyl flooring from a manufacturer in China. FLOORSPLUS
12 sells to the Mid-Atlantic Region in the United States – its target market is not
13 California or Los Angeles. It heavily brands through the mark "FLOORSPLUS"
14 because the name is Americanized and is easily recognized.

15 28. When Plaintiff investigated its business before opening, its President
16 Mr. Bin Liu researched vinyl products at various flooring outlets. Every store that
17 sold Stone Plastic Composite flooring prominently labeled these genus of products
18 as "SPC" flooring. Attached as Exhibit N are true and correct examples of the 2019
19 pictures taken during that investigation. Thus, Plaintiff determined in good faith
20 prior to its first shipment that it too would follow the industry practice of including
21 the type of vinyl flooring product – SPC flooring – directly on the packaging and
22 including information about this type of flooring on its website.

23 29. The USPTO granted Plaintiff two federal trademark registrations for its
24 trademark FLOORSPLUS, both in Class 19 for "Vinyl flooring." *See*. Ex. O.

25 30. Plaintiff has never applied for any trademark registration in "SPC" and
26 uses it purely to identify accurately the generic flooring genus of which its
27 FLOORSPLUS product is comprised of, as shown in the below true and correct
28 screenshot of its website below:

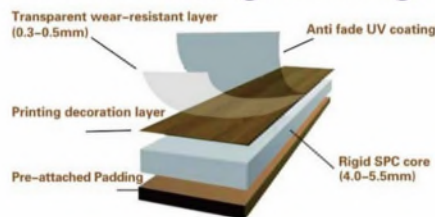
Why Choose Floors Plus?

FLOORSPLUS is a production of Guang Tai He Import Export INC established in 2020 to provide an economical and sturdy line of SPC Vinyl Flooring into the Mid-Atlantic region. We stock over 500,000 SQFT of flooring for immediate distribution and have the capacity to produce OEM based on vendor



Home Collections Gallery About Contact Guides Find Your Dealer

The SPC Flooring Advantage



STRUCTURE

Waterproof and Damp-proof

As the main component of SPC is limestone powder, so it performs well with water and mildew will not happen even with high humidity.

Fire Proof

AIPU SPC flooring has passed CE standard fire-resistant test, the fire rating is Bfl-s1. According to the authorities, 93% of the victims were burned in the fire caused by the toxic fumes and gases. SPC flooring is flame-retardant, not spontaneous combustion, leave the flame automatic out in 5 seconds, and won't produce toxic or harmful gases.

Formaldehyde Free

AIPU SPC is high quality lime stone powder & PVC resin, without harmful material such as benzene, formaldehyde, heavy metal. The final products passed the test from more than 179 different types of hazardous materials, chemicals etc.;

Dimensional Stability

SPC flooring is extremely dimensional stable because of natural contents. Exposed to 80° heat, 6 hours - Shrinkage ≤ 0.1%; Curling ≤ 0.2mm.

Super Durable Abrasion

SPC flooring has a transparent wear-resistant layer, whose resolution is even higher than 10000 turns if tested as laminate flooring. And testing result of EN660-2:1999+A1: 2003 is Group T, excellent wear-resistance.

Superfine Anti-slip class

Safety is one of our major concerns when making flooring. Accordingly, as a result of specially developed structures with an anti-slip class rating, our SPC flooring performs very well to prevent slipping in damp area.

Easy To Install With Low Requirement Of Subfloor

Compared to traditional LVT, SPC flooring has a distinct advantage because it is rigid core, which can hide many imperfections of subfloor.

Let's Chat!



Professional Team



Creative & Original



Quality Materials



Industry Expertise

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31. Plaintiff stocks over 500,000 square feet of flooring for immediate distribution and also handles OEM to meet vendor requirements. Its first shipment was on January 17, 2021, prior to which time Plaintiff had already launched its home page www.shopfloorsplus.com, filled with extensive information about its flooring products as shown above –clearly denoted as “SPC” vinyl, and had invested nearly \$1 million in the company.

32. Plaintiff’s packaging has also similarly consistently used “SPC” to accurately denote the type of vinyl flooring product it distributes.

33. A true and correct copy of this packaging as it appears on the product currently denied import by U.S. Customs is below:



1 34. As can be seen above, carrying every indicator of making good faith,
2 non-trademark use purely for a generic descriptor of its materials, the front of the
3 packaging: (1) uses “SPC” as the fourth word in a descriptive sentence “HIGH
4 QUALITY WATERPROOF SPC FLOORING,” (2) the script is non-descript
5 (unlike the prominent design that the actual trademark FLOORS+ AND
6 FLOORSPLUS is shown on the packaging), (3) the text is smaller and set apart
7 clearly from the product’s FLOORS+ trademark. Similarly, in using the same “SPC
8 FLOORING” genus-identifier on the side of the packaging, it is (1) placed to the
9 very far right of the long side, (2) its placement is as far away from the
10 FLOORSPLUS trademark as possible. For both, no “tm” symbol is used to denote a
11 trademark use.

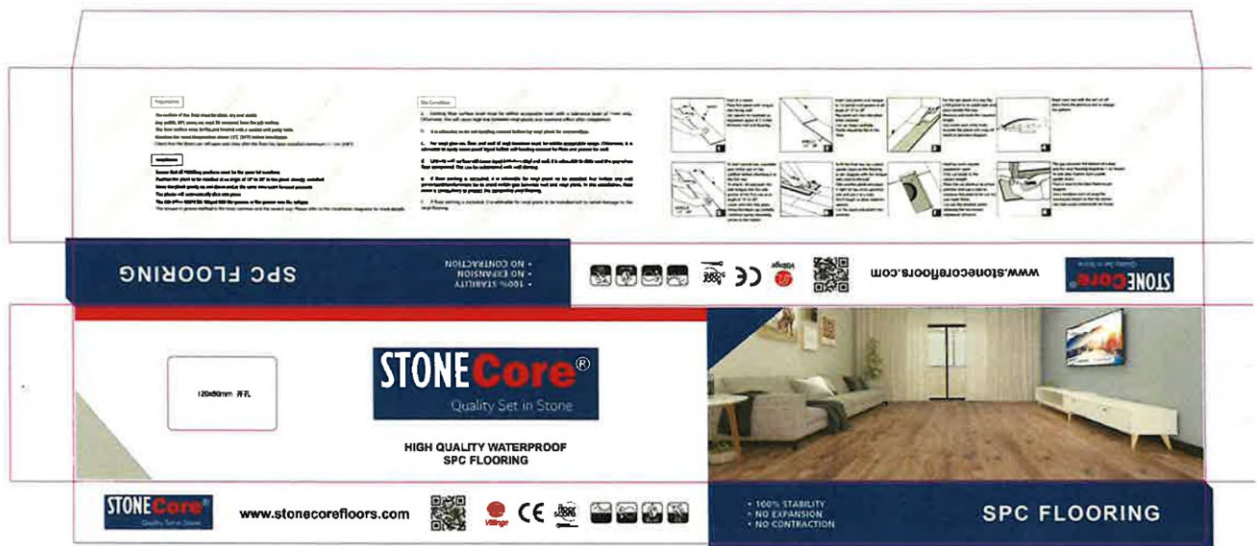
12 35. Plaintiff ships millions of dollars of flooring product a year into the
13 United States (all of its flooring products are imported) and has for the past 3+ years
14 been a major distributor of SPC vinyl flooring in the Mid-Atlantic Region.

15 36. There have been no trademark issues with import until now. But on
16 January 8, 2024, Plaintiff’s 16 containers of SPC flooring were picked up for U.S.
17 Customs examination at the Baltimore, Maryland port. On or after January 17,
18 2024, Plaintiff was notified by U.S. Customs that the containers were detained and
19 denied entry with the cited reason being suspected counterfeits for use of the term
20 SPC FLOORING. Exs. I & L. And then, as this Verified Complaint was being
21 finalized this morning (February 2, 2024), Plaintiff received notice of another
22 shipment of containers (beyond the 16 containers) being detained at the Baltimore
23 port for the same use of “SPC” and “SPC FLOORING.” Ex. L.

24 37. True and correct pictures of the detained SPC flooring branded as
25 FLOORSPLUS is attached Exhibit N, an example of which was already provided in
26 the paragraphs directly above.

27
28

38. Plaintiff also provides OEM SPC vinyl flooring, and 2 of the 16 detained containers are OEM product that were purchased from Plaintiff by Indiana Floors. A true and correct depiction of the packaging of the Indiana Floors packaging is below, which is the same as the FLOORSPLUS branded packaging other than swapping the FLOORSPLUS branding for STONECORE and including a different website:



39. On January 24, 2024, Maryland counsel for Plaintiff provided U.S. Customs with a written and detailed Request for Release of Detained Goods. This is the next step in the detention process.

40. However, in receiving no release despite the obvious non-trademark use of this generic descriptor “SPC”, the necessity of Court action became clear. As the Ninth Circuit has recognized and held, U.S. Customs and the Court of International Trade and its procedures do not empower it to determine the validity of registered trademarks, and it is up to federal courts to determine the validity of a mark that has resulted in an import barrier, and grant appropriate interim (and final) relief to the frozen shipment in the form of an injunction. *Stuhlbarg Intern. Sales Co. v. John D. Brush and Co.*, 240 F.3d 832 (9th Cir. 2001) (affirming interim injunction to release imported goods being detained by U.S. Customs).

1 41. Plaintiff successfully retained California counsel on Wednesday
2 January 31, 2024 who immediately prepared and filed this Verified Complaint and
3 accompanying request for TRO. However, yet more shipments of SPC flooring
4 were detained by U.S. Customs on this same basis the morning of this filing,
5 February 2, 2024, further deepening Plaintiff's irreparable harm.

6 42. Plaintiff cannot acquiesce to Defendant's extortion scheme, or give this
7 federally-convicted perjurer intimate access to and control over its key SPC flooring
8 products, all in return for its use of the industry-wide generic term "SPC" on
9 packaging. Attached as Exhibit M is a true and correct copy of one of Defendant's
10 recent licenses.

11 43. In relevant parts of the required agreement: Section 3 requires an
12 "initiation fee" of \$25,000 and quarterly license payments "equal to \$0.05 per
13 square foot" for using "SPC." Section 4 provides Defendant with physical audit
14 rights to the licensee's private financial "books, records and operations." Section 6
15 requires licensee to permit Defendant to "inspect and audit" products and apparently
16 unilaterally impose his will on licensee's SPC flooring products, while providing no
17 concrete details on what that might entail. Section 8.5 requires licensee to keep its
18 eye out for other users of "SPC" and report to Defendant any third party uses of
19 "SPC." Section 8.1 and 8.3 require licensee to acknowledge "SPC" "is and shall
20 remain the exclusive property" of Defendant and that licensee has no "rights, title,
21 or interest in" SPC besides the right to use it under the license.

22 **Plaintiff's Massive Irreparable Harm and the Easy Balance of Hardships**
23 **Are Addressed Only by Granting a TRO and Injunctive Relief**

24 44. The result of the above is that, absent immediate TRO and injunctive
25 relief, the continued detention of Plaintiff's 16 containers, and the just-detained
26 February 2 additional containers, is causing and will continue to cause mounting
27 irreparable harm with no commensurate hardship to Defendant from allowing
28 Plaintiff to continue to import its product pending full resolution of this case.

1 45. ***Loss of Plaintiff's Biggest Customer, Indiana Floors Relationship:***
 2 Indiana Floors is Plaintiff's biggest customer. Two of the shipments are OEM
 3 products Indiana Floors purchased from Plaintiff. Plaintiff has been advised that if
 4 it cannot deliver these goods to Indiana Floors within the next week, Indian Floors
 5 intends to find an alternative supplier. Because this is a highly competitive
 6 business, not only will that business be lost, but Plaintiff is not likely to win Indiana
 7 Floors' business again.

8 46. ***Irreparable Reputational Injury:*** Over the last 12-15 months, Plaintiff
 9 has maintained a greater than 99% rate of timely fulfillment of orders, with the
 10 single delay resulting from one retailer unexpectedly purchasing every ounce of a
 11 SKU from Plaintiff's warehouse. Plaintiff's typical customers consistently purchase
 12 anywhere from \$50,000 to \$500,000 per year from it, and that loyalty to the Plaintiff
 13 and its product line is (as reported by its customers and observed by Plaintiff) due to
 14 Plaintiff maintaining consistent stock level which allows its customers to promote
 15 the product lines to all of their customers, reliability of consistent inventory levels
 16 being the hallmark of these relationships.

17 47. Plaintiff's role as an importer and factory direct distributor is ensuring
 18 that goods in stock at all times for its retail customers to order and receive at their
 19 warehouse or job site within a reasonable time frame (typically 3-10 days from time
 20 of ordering). Having these containers held at customs means Plaintiff is unable to
 21 fulfill a number of its products when customers order.

22 48. As of today, out of Plaintiff's 40 SKU selections, ***7 SKUs are out of***
 23 ***stock with products contained in the 16 containers*** at port (which the February 2
 24 detention will only further cripple). Plaintiff is not able to fulfill many of its
 25 outstanding orders to customers and will likely lose a substantial portion of its
 26 customers and business if a TRO and injunction are not granted. Thus, Plaintiff
 27 reasonably anticipates that its customer relationships will be irreparably injured as
 28 they seek out alternate suppliers, and will likely not come back due to the

1 reputational damage and interference to relationships with customers accustomed to
 2 near-100% warehouse availability of all SKUs at all times. This is in addition to the
 3 damage of being pursued by customers for potential contractual breaches for
 4 untimely delivery, ripple effects that are difficult to calculate the full extent of.

5 49. ***Financial Ruin and Seizure:*** Plaintiff has already incurred nearly
 6 \$120,000 in additional storage charges on the 16 containers just for the detention as
 7 of February 1, 2024, which includes daily charges and per container charges. The
 8 charges are at their maximum per diem rates and are currently running at
 9 approximately \$6,000 per day, and the February 2 deportation of containers will
 10 result in similar costs. In addition, Plaintiff has net payment terms to its Chinese
 11 manufacturer that it depends which require consistent stocking and sale of inventory
 12 into its warehouse in order to timely pay from cash flow. The cost of paying 16
 13 containers (and for the February 2 containers in addition) without the normal turn-
 14 around is ruinous, on top of the already staggering storage charges for the detained
 15 shipment. If a TRO is not issued and the attempts at obtaining release are
 16 unsuccessful and denied by U.S. Customs, the product will be seized by U.S.
 17 Customs. In addition, the risk of repetition for detentions and ever-expanding loss
 18 of inventory to Plaintiff is great, as Plaintiff receives regular imports of SPC product
 19 marked as such each month, meaning every future shipment is at jeopardy of
 20 detention on the same grounds based on Defendant's invalid "SPC" trademark. In
 21 fact, on this very morning of February 2 as this filing was being finalized to file,
 22 Plaintiff received a detention notice of yet additional detained containers by U.s.
 23 Customs at the Baltimore port. Ex. L. Thus, if immediate injunctive relief is not
 24 granted, Plaintiff is in substantial and serious financial risk that could lead to it
 25 having to close its doors. Plaintiff is teetering on a fragile moment where every day
 26 is critical to its recovery from having its 16 containers detained plus the February 2
 27 additional containers.

28 50. On the flip side, Defendant Mitchell will suffer no meaningful harm.

1 51. Plaintiff has been importing and selling products with the same “SPC”
 2 labeling for the past 3+ years, and has never so much as received any reports of
 3 confusion let alone any contact from Defendant. There is no evidence of any actual
 4 harm in three years to Defendant – any suggestion of future harm would be purely
 5 speculative and unlikely.

6 52. As the evidence attached hereto shows, whether or not the relatively
 7 small-time Plaintiff here has its imports stopped, Lowe’s and Home Depot will still
 8 be selling nationally a host of SPC flooring products that prominently use the “SPC”
 9 moniker.

10 53. As the evidence attached hereto shows, while picking off companies
 11 here and there in Defendant’s attempts to extort payment under the radar, there are
 12 still literally hundreds of flooring companies that will continue to sell “SPC” labeled
 13 product in the United States and advertise it as such. Those sales will continue
 14 whether or not the crowd includes Plaintiff, i.e. it will be either hundreds or
 15 hundreds + Plaintiff.

16 54. As “SPC” is not exclusively associated with Defendant, there is no
 17 indication that Defendant has established any meaningful secondary meaning or
 18 brand recognition in “SPC” to associate it with himself in the minds of the
 19 consuming public, and there is rampant third-party use.

20 55. Indeed, had Defendant Mitchell made meaningful marketing and
 21 advertising expenditures to associate “SPC” exclusively with its flooring, in this
 22 digital age it is axiomatic that it would and should have broken into at least the first
 23 100 Google search results for SPC flooring, which Defendant has not even done.

24 56. As the Ninth Circuit has explained in this situation of non-existent or
 25 unlikely harm to the asserted trademark owner: “[T]hat the marketplace is replete
 26 with products using a particular trademarked word indicates not only the difficulty
 27 in avoiding its use but also, and directly, the likelihood that consumers will not be
 28 confused by its use. The fact that the term resides in the public domain lessens the

1 possibility that a purchaser would be confused and think the mark came from a
 2 particular single source.... In such a crowd, customers will not likely be confused
 3 between any two of the crowd and may have learned to carefully pick out one from
 4 the other.” *Entrepreneur Media v. Smith*, 279 F.3d 1135, 1144 (9th Cir. 2002)
 5 (alterations and citations omitted).

6 57. Thus, this suit immediately follows.

7 **FIRST CLAIM FOR RELIEF**
 8 **Declaratory Relief re Invalidity and Genericness of “SPC”**

9 58. Plaintiff realleges and incorporates by reference each and every
 10 allegation set forth herein.

11 59. Due to Defendant Mitchell’s scheme and his resulting detention of
 12 Plaintiff’s SPC flooring products by U.S. Customs, an actual case and controversy
 13 exists between Plaintiff and Defendant as to the validity and genericness of the term
 14 “SPC” as used for flooring products made of stone plastic composite.

15 60. This Court has jurisdiction under 15 U.S.C. 1119 “in any action
 16 involving a registered mark [to] determine the right to registration order the
 17 cancellation of registrations, in whole or in part.”

18 61. Defendant’s registration is incontestable and has not become
 19 incontestable under 15 U.S.C. 1065.

20 62. A mark is not enforceable and its registration is subject to cancellation
 21 at any time “on the grounds that it has become generic.” *Yellow Cab Co. v. Yellow*
 22 *Cab of Elk Grove, Inc.*, 419 F.3d 925, 928 (9th Cir. 2005) *quoting Park 'N Fly, Inc.*
 23 *v. Dollar Park and Fly, Inc.*, 469 U.S. 189, 194 (1985).

24 63. For the reasons stated above, including the rampant evidence of third-
 25 party use, industry use, and use as referring to a common genus of goods, the term
 26 “SPC” is the generic acronym that refers to the genus of flooring products
 27 comprised of stone plastic composite and incapable of trademark protection.
 28

64. Plaintiff is entitled to a declaration that “SPC” is generic, and an order of cancellation of the Defendant’s ’381 Registration on the ground that “SPC” is generic for the registered Class 27 “resilient hard surface covering for floors, walls and other surfaces.”

65. In the alternative, Plaintiff is entitled to the same relief on the basis that the term “SPC” is purely descriptive as used by Defendant and Defendant was not entitled to registration absent proof of secondary meaning under a Section 2(f) registration, a form of trademark registration he did not apply for or obtain.

66. Plaintiff is also entitled to the injunctive relief, in the form set forth in the Prayer for Relief.

SECOND CLAIM FOR RELIEF
Declaratory Relief and Cancellation for Fraud on the USPTO

67. Plaintiff incorporates and realleges herein by reference all allegations as if stated herein.

68. An actual case and controversy exists and 15 U.S.C. 1119(1) in that Plaintiff is entitled to cancellation of Defendant’s trademark registration for fraud on the USPTO.

69. Defendant knew that SPC was a common term for the genus of stone plastic composite flooring products in 2017 when he applied for and prosecuted registration.

70. Defendant failed to disclose this fact to the USPTO, knowing and intending that this would mislead the USPTO into granting him a registration on a generic descriptive term and without the need to establish secondary meaning (which he knew could not be done). Defendant renewed his registration while still withholding these facts, knowingly withholding that “SPC” was not only a generic descriptive term to begin with but that it had become rampantly used as a generic term in the interim from his original registration date.

1 Plaintiff was at all time unaware of Defendant or its misguided “SPC” registration,
2 and uses the term “SPC” only for its descriptive purposes.

3 80. There have been no reported instances of actual name confusion with
4 Defendant (or indeed any other flooring company selling SPC flooring).

5 81. **Second, there is no likelihood of confusion** in the use of “SPC”
6 phrasing that Plaintiff has made:

7 82. Its use is part of a sentence or phrase, not stand-alone as “SPC,” and
8 thus is a different term used amongst a crowded field of hundreds of flooring
9 companies using variations of “SPC” phrasing for stone plastic composite flooring.

10 83. The parties operate and distribute products in distinct markets, Plaintiff
11 in the Mid-Atlantic Region and Defendant in Los Angeles. The parties do not
12 operate or market in the same channels, but both have their own websites and
13 physical locations in different states, and Plaintiff is aware of no overlapping
14 customers or target audience for the products. In fact, distribution following import
15 to the U.S. is generally intensely localized to the warehouse’s natural trading area
16 due to the nature of the goods as being construction and building products.

17 84. Despite Plaintiff’s SPC flooring having been in the U.S. market for 3+
18 years, and marketed through the same channels even before those first sales, and
19 despite using “SPC” in the same and similar manner up to the present, Plaintiff has
20 received no reports of actual confusion nor has it observed any instances of
21 confusion between Plaintiff and Defendant (or their products). Indeed, Plaintiff is
22 aware of no name confusion with any other companies and itself based on them
23 using “SPC” in connection with their flooring products.

24 85. There is simply no likelihood that Plaintiff’s “SPC” marked products
25 are likely to confuse reasonable consumers or target market into believing that
26 Plaintiff or its products are somehow associated specifically with Defendant or his
27 products, as opposed to any other of the hundreds of flooring companies marketing
28

1 their stone plastic composite products as “SPC” products throughout the United
2 States.

3 86. There are far more prominent Google search results for SPC Flooring
4 than Defendant’s, far more products sold at popular chains like Home Depot and
5 Lowe’s, and each of these third-party sellers and companies use “SPC” in a far more
6 prominent and extensive manner than the small Defendant, making confusion
7 between the Maryland-based Plaintiff and the California-based Defendant Mitchell
8 utterly implausible.

9 87. **Third**, there can be no infringement of a generic mark, and thus
10 because “SPC” is generic for the Stone Plastic Composite vinyl flooring products
11 that Plaintiff and Defendant (and hundreds of third parties) use it with, it is
12 incapable of protection or of being infringed by Plaintiff.

13 88. Accordingly, because Plaintiff’s use of “SPC” is protected as fair use,
14 because there is no likelihood of confusion, and/or because the mark is generic,
15 Plaintiff is entitled to a declaration of non-infringement as well as the injunctive
16 relief specified in its Prayer for Relief.

17 **PRAYER FOR RELIEF**

18 1. WHEREFORE, PLAINTIFF prays that the Court grant the following
19 relief:

20 2. Judgment in favor of Plaintiff and against Defendant on all claims;

21 3. TRO, preliminary and permanent injunctive relief to avoid irreparable
22 harm from continuing, including: (1) barring Defendant from attempting to enforce
23 the generic “SPC” mark against Plaintiff, including U.S. Registration No. 5,305,381
24 (2) directing U.S. Customs to immediately release Plaintiff’s detained 16 containers
25 and the additional containers detained just this morning literally as these papers
26 were being finalized (Ex. L), not to seize said goods, and not to detain any further of
27 Plaintiff’s shipments for use of the terms “SPC” or “SPC FLOORING”, (3)
28 directing U.S. Customs to immediately remove the ’381 Registration from its

1 recordation of registered marks (including said recordation depicted in Ex. Q
 2 hereto), (4) requiring Defendant to cooperate with Plaintiff's import including by
 3 providing a letter of authorization permitting Plaintiff to import its current shipment
 4 and any future shipments (including during the pendency of this suit)
 5 notwithstanding their use of the term "SPC" on the packaging, and (5) such further
 6 relief as necessary to stop Defendant from directly or indirectly interfering in
 7 Plaintiff's import and sale of SPC flooring.

8 4. Attorney's fees under the Lanham Act because this is an "exceptional
 9 case" under 15 U.S.C. § 1117.

10 5. Costs of suit.

11 6. Such other, different, and additional relief as the Court deems just and
 12 proper.

13 Dated: February 2, 2024

Respectfully Submitted,

14 TROUTMAN PEPPER HAMILTON
 15 SANDERS LLP

16
 17 /s/ Ben L. Wagner

18 Ben L. Wagner
 19 Attorneys for Plaintiff
 20 GUANG TAI HE IMPORT
 21 EXPORT INC.
 22
 23
 24
 25
 26
 27
 28

VERIFICATION

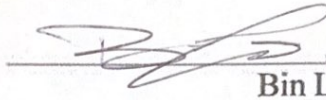
I, Bin Liu, declare:

I am an officer of GUANG TAI HE IMPORT EXPORT, INC., a corporation organized and existing under the laws of Maryland, which is the Plaintiff in the above-entitled action, and I have been authorized to make this verification on its behalf.

I have read the foregoing VERIFIED COMPLAINT on file herein and know the contents thereof. The same is true of my own knowledge, except as to those matters which are therein stated on information and belief, and, as to those matters, I believe them to be true.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed at Baltimore, MD on February 1, 2024.

 President.
Bin Liu